

CASH MANAGEMENT POLICIES AND PROCEDURES HANDBOOK

APPENDIX B TRAVELERS CHECKS

B Section 1.0 General

The general policy regarding travelers' checks is to minimize, but not prohibit, their use. Travelers are encouraged to use travel credit cards to pay for travel expenses to the maximum extent possible.

If a traveler receives a travel advance in excess of \$100 from an imprest fund, the advance should be made in the form of travelers checks if the imprest fund has them available.

Imprest funds may, but are not required to, maintain a supply of travelers checks.

When a traveler receives a travel advance in cash, the traveler may use the advance to purchase travelers checks from commercial sources if desired. The travelers check issue fee may be claimed on the traveler's Travel Voucher.

In those instances where operational necessity or convenience require that organizational units maintain physical stocks of travelers checks, such travelers checks shall only be stored in, and be issued by, approved imprest funds.

B Section 2.0 Background

The Department of Commerce has contracted with Citibank for the issuance of travelers checks to employees on official travel. The checks are to be used by Departmental employees to cover subsistence and other allowable travel and minor transportation expenses while on official travel when such expenses cannot be paid by a travel card.

B Section 3.0 Policy

The following policies apply to imprest funds maintaining and issuing travelers checks and to employees serviced by those imprest funds:

- a. The imprest fund cashier must obtain approval from the organization unit's finance officer to implement the travelers check program.
- b. Travel advances in the form of travelers checks will be issued at no cost to the employee.
- c. Imprest fund custodians may maintain travelers checks in denominations as required, with a minimum-denomination amount of \$50.

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- d. Such travelers checks shall be protected and controlled in the same manner as currency.
- e. Employee requests for authorized travel advances should only be sent to the servicing finance office when the employee requires the travel advance in the form of a Treasury check or direct deposit.
- f. Obtaining a travel advance in the form of travelers checks does not affect the established limits on the total amount that can be advanced to an individual or the amount that can be advanced for each day of travel. These limits are prescribed by the DOC Travel Handbook.
- g. The imprest fund's operations pertaining to travelers checks will consist of issuing checks only. Cashiers will not process denomination exchanges; issue refunds for lost, stolen, or damaged checks; issue refunds or reduce a traveler's advance liability for unused checks; nor otherwise deal with the travelers checks once they have been issued to the traveler or the traveler's agent (an employee designated by the traveler to pick up the advance).
- h. Travelers checks may not be used to provide advances to interviewees.

B Section 4.0 Liability

.01 Cashier

The Comptroller General has ruled (B-208604, dated April 9, 1985) that blank travelers checks issued to an imprest cashier, or any other accountable officer, constitute official Government funds. Accountable officers are automatically and strictly liable for Government funds entrusted to them. Therefore, the travelers checks must be received, stored, safeguarded, issued, replenished, and accounted for by the cashier with the same care, consideration, and liability as other official Government funds.

.02 Traveler

Travelers receiving travelers checks as all or part of a travel advance are personally accountable for the funds advanced (DOC Travel Handbook, 301-10.1(d)). However, under the terms of Citibank's Travelers Checks Purchase Agreements, travelers who receive their travel advances in the form of travelers checks may be reimbursed by Citibank for travelers checks lost or stolen, if the

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applicable provisions of the purchase agreement are followed.

Travel advances obtained from an imprest fund in the form of travelers checks must be repaid or accounted for in the same manner as if the travel advance were issued in cash. To repay a travel advance, a personal check or money order must be sent to the voucher processing center with the travel voucher or an explanatory memorandum if the trip was canceled. For the travelers financial safety, travelers checks are not to be sent to the travel payment centers or returned to an imprest fund cashier. Whether the employee completes the scheduled business trip, or cancels the trip for whatever reason, the employee should cash the issued travelers checks and voucher for the advance/trip as would normally be the case if an advance were obtained in the form of cash or Treasury check.

B Section 5.0 General Procedures and Responsibilities

.01 Resource Materials

- a. General Services Administration, Master Contract Award for the Travel Card Program, effective 11/30/1998.
- b. Volume 41, Code of Federal Regulations, Part 301-15, Subpart C - Travel and Transportation Expense Payment System: Contractor-issued Charge Cards, Centrally Billed Accounts, and Travelers Checks.
- c. Department of Commerce/ Citibank Trust Agreement,
- d. Citibank - Travelers Checks - Sales and Operating Procedures Manual.

.02 Procedures to Implement Program

For detailed procedures on how to implement the travelers checks program at any particular imprest fund location see Exhibit B-1.

.03 Responsibilities for Issuing Travelers Checks

- a. Traveler/Agent Signs:
 - o The CD-369, Travel Advance, verifying the transaction and indicating the receipt of the travel advance;
 - o An imprest fund transaction register; and
 - o The travelers check purchase agreement.

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b. Cashier Issues:

- o Travelers checks in the maximum advance amount available;
- o Cash, if necessary, to equal the total amount of the travel advance authorized;
- o Purchaser's copy of the purchase agreement;
- o A wallet for the travelers checks; and
- o A reminder insert listing traveler's responsibilities concerning protection of the travelers checks (see below).

c. Traveler's Responsibilities:

- o Immediately sign each travelers check in the upper left hand corner and keep the checks in a safe place;
- o Read carefully the conditions on the reverse side of the purchase agreement;
- o Keep the purchase agreement(s) in a safe place but separate from the checks themselves. The purchase agreement is needed to obtain a pre-authorized refund in case the checks are lost or stolen; and
- o Countersign each check only at the time of use and only in the presence of the person accepting it.

d. Cashier Responsibilities:

- o Verify the shipment contents against the trust receipt agreement which identifies the serial numbers of the checks, denominations, and dollar amount. Immediately notify Citibank by telephone and follow-up in writing, of any discrepancies or sign and date the agreement and return the original to Citibank. Maintain appropriate copies;
- o Log the receipt of the shipment, by denomination, and dollar amounts, in the Travelers Check Register provided by Citibank;

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- o Store the travelers checks in a secure safe;
- o Maintain an inventory record, using the Citibank Travelers Check Register, to account for new shipments received, advances to alternates and sub-cashiers, daily issuances, and checks returned to Citibank for destruction;
- o Issue checks from the inventory on a first-in, first-out basis to facilitate reconciliations with physical inventories;
- o Maintain in a file the following documents or copies of documents:
 - Trust Receipt Agreements;
 - Paid CD-369, Travel Advance;
 - Purchase agreement;
 - Citibank Travelers Checks Remittance Summary;
 - Replenishment orders;
 - Letters transmitting spoiled or damaged checks for destruction;
 - Citibank's monthly computer printout of travelers check inventory;
 - Paid unadvised inquiry letters and responses; and
 - Reconciliation statements of the physical inventory to the check register and the monthly computer printout of Citibank travelers checks.
- o Issue, as necessary, advances of travelers checks to alternates/sub-cashiers and obtain a signed receipt. The advances to alternates/sub-cashiers are to be recorded in the travelers check register. Accounting for travelers checks issued will be accomplished daily by turning over all processed CD-369, Travel Advance, forms; and

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Reconcile, at least monthly, the physical inventory of the travelers checks on-hand, by denomination and pack size, to the Citibank

Travelers Check Register, and the monthly inventory computer print-out provided by Citicorp. This monthly reconciliation must be verified by the cashiers immediate supervisor each month.

B Section 6.0 Internal Controls

Organization unit finance officers should establish the following minimum internal controls and procedures:

- a. Provide approval only to established imprest fund sites where it is found to be cost-effective and desirable to begin implementation of the travelers check program.
- b. Establish a ceiling on the dollar value of travelers checks a cashier can order and maintain. Consideration should be given to travel advance activity, traveler check inventory turnover, and physical safeguards at the imprest fund site.
- c. Prohibit the issuance of travelers checks for a use other than as a travel advance. Emergency situations which arise should be resolved with the BankCard, convenience checks, and, when implemented, third-party drafts.
- d. Allow sufficient lead time to place replenishment orders so as to maintain a minimum inventory of at least a two weeks supply.
- e. Prohibit the payment of travelers checks to Citibank, by any means other than through the agency's payment system.
- f. Designate an ordering official, outside of the imprest fund organization, who is responsible for reviewing the dollar value of the replenishment order and the frequency of each replenishment order. The review will ensure that the maximum dollar value of travelers checks maintained by the imprest fund cashier is not exceeded. The ordering official is responsible for forwarding the replenishment order to Citibank.
- g. Investigate and take appropriate action to follow-up on the circumstances

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surrounding the issuance, by Citibank of a "Paid Unadvised Inquiry." This inquiry letter documents the use of travelers checks for which Citibank has not received a corresponding purchase agreement and/or payment. The Paid Unadvised Inquiry is sent by Citibank directly to the cashier/agent for assistance in resolving the problem. A copy of the inquiry letter is also provided to a central point within the Department, and will be forwarded to the organization unit finance officer immediately upon receipt for appropriate follow-up action.

- h. Ensure that the cash verification process, required during the quarterly reviews, includes a reconciliation of the travelers check portion of the fund. Reconciliations must include a verification of the physical inventory of travelers checks, against the Citibank inventory control. All discrepancies must be resolved. Paid Unadvised Inquiries, furnished by Citibank ~~Citicorp~~, must be verified to determine whether or not any travelers checks have been cashed outside of the system.
- i. All travelers checks should be issued directly to the responsible cashier. Cashiers issuing checks to sub-cashiers should be minimized.

CITIBANK TRAVELERS CHECK PROGRAM IMPLEMENTATION PROCEDURES

1. The organization unit finance officer will prepare a letter to Ms. Ina Schlobohm, Citibank, 750 Washington Boulevard, 7th Floor, Stamford, CT 06901, (203) 975-6248. The letter should indicate the organization unit's intent to enter the travelers check program under GSA contract number GS-23F98-006, as modified for the Department of Commerce. The letter must contain the following information:
 - o Name of the individual designated as the selling agent (imprest fund cashier);
 - o The individual's specific street address, including room number;
 - o The individual's telephone number;
 - o Estimated annual dollar volume of travelers checks to be issued; and
 - o Dollar amount of initial shipment of checks expressed as a one (1)- or two (2)-month supply.

Send a copy of the letter to the Office of Financial Management, Room HCHB 6827, Washington, D.C. 20230.
2. Citibank Services will provide:
 - o Information for the establishment of the account; and
 - o The supplies and materials necessary to issue and account for the checks.
3. Prior to the issuance of any travelers checks, the servicing finance office must be provided with the following information: cashier's name, cashier's social security number, imprest fund code number, and Citibank agent number.

A copy of this memorandum should also be forwarded to the Office of Financial Management at the above address.